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Post: Seoul ATO

Success in the Korean Market for U.S. Consumer Oriented Products

Report Categories:

Country/Regional FTA's

Export Accomplishments - Other

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Report Highlights:

U.S. exports to the Republic of Korea (ROK) for Consumer Oriented products finished the year at a record high based on data through December 2014 at \$3.5 Billion. This is a 22 percent increase over the same period in 2013. Compared to 2012, when the Korea U.S. Free Trade Agreement (KORUS FTA) was implemented, the Jan. - Dec. 2014 sales are also 25 percent higher. Total U.S. exports to ROK, now total \$7.6 billion, the highest level since 2011.

General Information:

U.S. exports to the Republic of Korea (ROK) for Consumer Oriented products finished the year at a record high based on data through December 2014 at \$3.5 Billion. This is a 22 percent increase over the same period in 2013. Compared to 2012, when the Korea U.S. Free Trade Agreement (KORUS FTA) was implemented, the Jan. - Dec. 2014 sales are also 25 percent higher. Total U.S. exports to ROK, now total \$7.6 billion, the highest level since 2011. Consumer Oriented sales for 2014 accounted for more than one-third of the total increase in trade over 2013. The success in Consumer Oriented sales underscores the value of the KORUS FTA in accruing benefits to the U.S. suppliers of value-added products for Korean consumers.

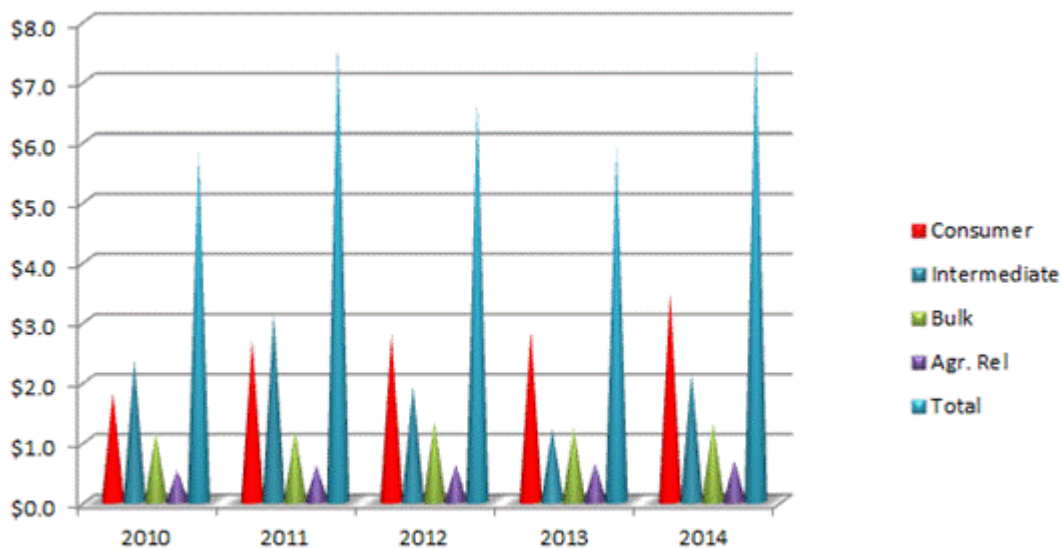
U.S. EXPORTS to REPUBLIC OF KOREA by CATEGORY

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2012/14 %CHNG | 2013/14 %CHNG |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| Consumer Oriented Total | \$1,245,155 | \$1,805,756 | \$2,682,874 | \$2,776,738 | \$2,828,671 | \$3,462,995 | 25% | 22% |
| Intermediate Total | \$1,821,879 | \$2,358,429 | \$3,126,618 | \$1,918,900 | \$1,208,079 | \$2,137,568 | 11% | 77% |
| Bulk Total | \$850,412 | \$1,143,054 | \$1,166,762 | \$1,335,072 | \$1,219,115 | \$1,293,718 | -3% | 6% |
| Agricultural Related Products | \$463,520 | \$519,623 | \$604,856 | \$608,572 | \$631,228 | \$680,669 | 12% | 8% |
| Grand Total | \$4,380,966 | \$5,826,862 | \$7,581,111 | \$6,639,282 | \$5,887,093 | \$7,574,950 | 14% | 29% |

Values in Thousands of dollars

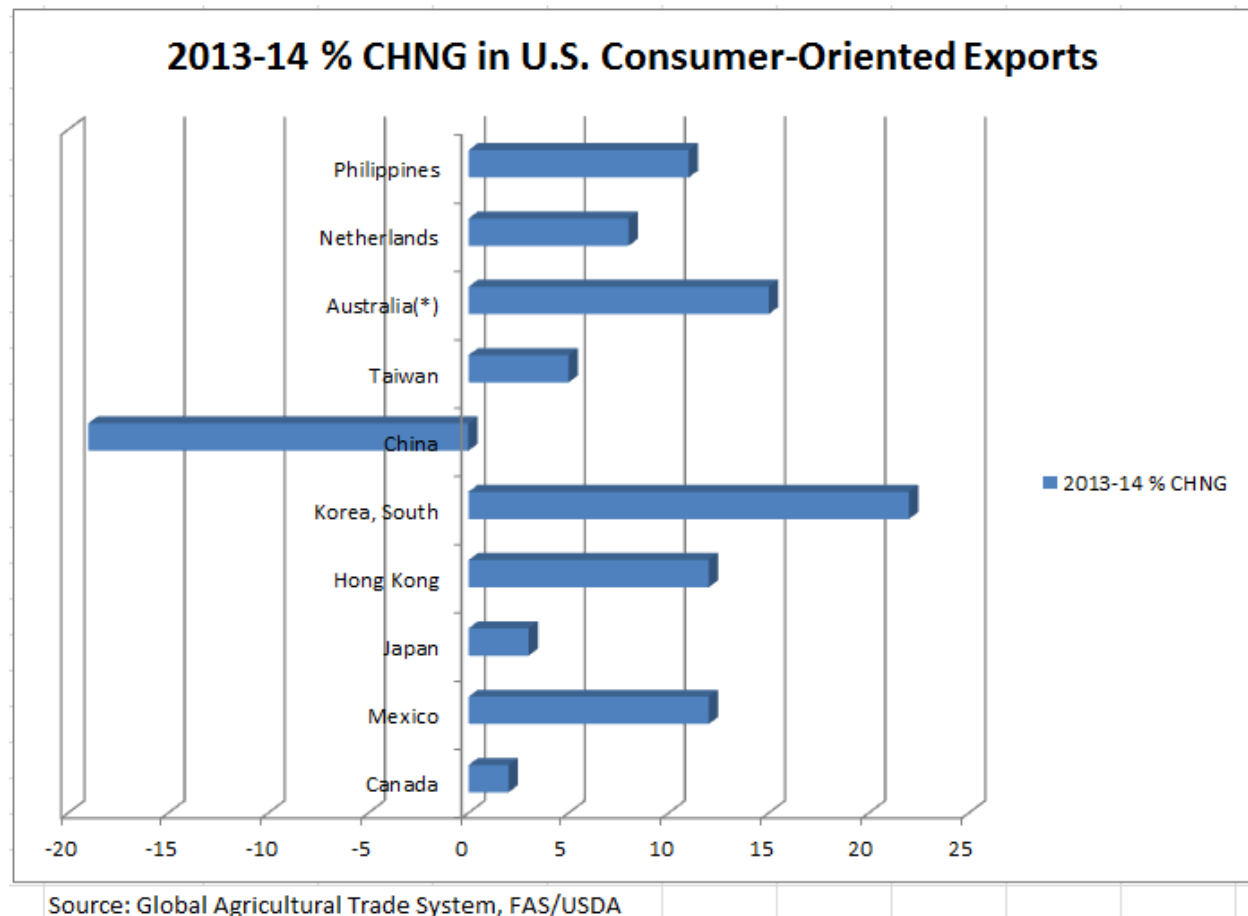
Source: Global Agricultural Trade System, FAS/USDA

U.S. Agricultural Exports to South Korea



Source: U.S. Census

South Korea's exports of U.S. Consumer Oriented goods were also the fastest growing among top U.S. trading partners as well. This underscores how well both U.S. exporters and Korean importers sought to benefit from the opportunities under the KORUS FTA.



The primary subcategories driving the success in the Consumer Oriented category are beef, pork, dairy and tree nut products. Each of these leading categories in addition to many others has grown in volume as well. In particular, the strong growth in the beef trade with Korean importers is indicative of the improving consumer confidence in U.S. beef products. U.S. Wine exports to South Korea also exhibited double-digit growth. Dairy products are also having great success under KORUS FTA's reduced tariffs under TRQs.

| CONSUMER-ORIENTED TOTALS BY SUBCATEGORY | | | | | | | |
|---|--|-------------|-------------|-------------|-------------|-------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2013-14% CHNG |
| Beef & Beef Products | \$215,953 | \$517,900 | \$686,030 | \$582,051 | \$609,257 | \$847,375 | 39% |
| Pork & Pork Products | \$214,802 | \$189,801 | \$497,882 | \$421,513 | \$276,194 | \$444,560 | 61% |
| Dairy Products | \$76,252 | \$130,745 | \$223,737 | \$225,163 | \$300,664 | \$416,823 | 39% |
| Tree Nuts | \$116,285 | \$149,703 | \$200,005 | \$267,494 | \$299,945 | \$360,755 | 20% |
| Fresh Fruit | \$121,961 | \$191,377 | \$254,402 | \$369,767 | \$356,107 | \$347,620 | -2% |
| Prepared Food | \$129,688 | \$134,415 | \$216,353 | \$224,515 | \$269,187 | \$283,022 | 5% |
| Processed Vegetables | \$72,412 | \$86,367 | \$95,186 | \$121,693 | \$133,535 | \$132,188 | -1% |
| Poultry Meat & Prods. (ex. eggs) | \$46,098 | \$91,838 | \$139,453 | \$103,934 | \$95,096 | \$113,320 | 19% |
| Fruit & Vegetable Juices | \$29,995 | \$50,148 | \$48,698 | \$85,731 | \$82,111 | \$91,826 | 12% |
| Snack Foods NESOI | \$46,520 | \$40,382 | \$48,589 | \$59,400 | \$76,300 | \$88,487 | 16% |
| Processed Fruit | \$28,950 | \$42,805 | \$55,488 | \$65,534 | \$63,759 | \$83,170 | 30% |
| Chocolate & Cocoa Products | \$44,518 | \$59,672 | \$73,750 | \$77,152 | \$83,637 | \$76,521 | -9% |
| Non-Alcoholic Bev. (ex. juices) | \$36,750 | \$35,506 | \$48,402 | \$58,840 | \$71,777 | \$50,883 | -29% |
| Dog & Cat Food | \$15,384 | \$17,549 | \$21,148 | \$24,201 | \$27,323 | \$30,470 | 12% |
| Wine & Beer | \$14,574 | \$16,330 | \$17,674 | \$21,539 | \$25,023 | \$30,425 | 22% |
| Condiments & Sauces | \$13,948 | \$16,625 | \$16,662 | \$18,199 | \$20,284 | \$22,733 | 12% |
| Meat Products NESOI | \$7,309 | \$10,976 | \$14,060 | \$12,909 | \$12,650 | \$16,324 | 29% |
| Fresh Vegetables | \$5,214 | \$9,305 | \$9,316 | \$20,133 | \$13,016 | \$13,403 | 3% |
| Breakfast Cereals | 3138 | 5025 | 8581 | 9627 | 5242 | 5482 | 5% |
| Eggs & Products | \$3,429 | \$6,781 | \$5,175 | \$5,169 | \$4,737 | \$5,004 | 6% |
| Other Consumer Oriented | \$1,977 | \$2,506 | \$2,284 | \$2,173 | \$2,827 | \$2,605 | -8% |
| Grand Total | \$1,245,155 | \$1,805,756 | \$2,682,874 | \$2,776,738 | \$2,828,671 | \$3,462,995 | 22% |
| | Values in Thousands of dollars | | | | | | |
| | Source: Global Agricultural Trade System, FAS/USDA | | | | | | |

OPPORTUNITIES AND CHALLENGES

- New Korea FTAs with Canada (Jan. 1) and Australia (Dec. 12)
- Weak exchange rates in Europe and other markets make U.S. products relatively more expensive
- 2014 ROK wine import data by value show U.S. market share at approximately 11.8 percent, relatively unchanged since 2012 along with other top competitors (Chile, France, Italy, Spain) also remaining virtually unchanged. However, the value of Korea's imports of U.S. wine did grow at the fastest rate among the top competitors.
- The ATO sees tremendous potential for both wine and spirits as well but believes more promotion is necessary.
- From ATO Seoul's [Exporter Guide](#):
 - Consumer household grocery purchases grew in almost every food category between 2010 and 2013
 - Sales of retail food products in ROK continue to show growth through 2013

SELECTED MARKET SHARE DATA for KOREA'S IMPORTS FROM THE U.S.

| | | | | | | |
|---------------|---------------------|-------------|-------------|-----------------------------|-------------|-------------|
| | BEEF | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Australia | 53.6% | 54.3% | 50.6% | | 0.7% | -3.7% |
| United States | 37.4% | 37.9% | 42.2% | | 0.5% | 4.3% |
| New Zealand | 7.9% | 6.9% | 6.1% | | -1.0% | -0.8% |
| Canada | 0.5% | 0.7% | 0.8% | | 0.2% | 0.1% |
| Chile | 0.0% | 0.1% | 0.1% | | 0.1% | 0.0% |
| | | | | | | |
| | PORK | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| United States | 31.5% | 33.9% | 31.2% | | 2.4% | -2.7% |
| Germany | 11.5% | 13.2% | 18.2% | | 1.7% | 5.0% |
| Spain | 5.0% | 4.9% | 9.5% | | 0.0% | 4.5% |
| Chile | 10.8% | 11.9% | 7.8% | | 1.1% | -4.1% |
| Canada | 11.4% | 8.5% | 6.5% | | -2.9% | -2.1% |
| Austria | 4.4% | 4.4% | 5.1% | | 0.0% | 0.6% |
| France | 4.1% | 3.5% | 3.7% | | -0.6% | 0.2% |
| Netherlands | 5.2% | 4.3% | 3.4% | | -0.8% | -1.0% |
| Belgium | 3.3% | 3.4% | 3.2% | | 0.0% | -0.2% |
| Mexico | 2.4% | 2.3% | 2.9% | | -0.1% | 0.6% |
| Denmark | 3.2% | 3.4% | 2.6% | | 0.3% | -0.9% |
| | | | | | | |
| | POULTRY | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Brazil | 58.8% | 63.1% | 54.8% | | 4.3% | -8.3% |
| United States | 37.4% | 31.1% | 38.8% | | -6.3% | 7.7% |
| Denmark | 2.8% | 5.2% | 5.5% | | 2.4% | 0.3% |

| | | | | | | |
|---------------|--------------|-------|-------|----------------------|--------|--------|
| | FOOD PREPS | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| United States | 50.9% | 55.7% | 56.9% | | 4.9% | 1.2% |
| New Zealand | 6.0% | 5.0% | 6.5% | | -1.0% | 1.5% |
| China | 4.3% | 4.7% | 4.2% | | 0.4% | -0.5% |
| Ireland | 4.0% | 3.6% | 3.9% | | -0.4% | 0.4% |
| Australia | 6.4% | 4.3% | 3.8% | | -2.1% | -0.4% |
| Canada | 3.6% | 3.3% | 3.1% | | -0.3% | -0.2% |
| Germany | 1.8% | 3.0% | 2.4% | | 1.2% | -0.5% |
| Netherlands | 1.9% | 1.7% | 2.3% | | -0.1% | 0.6% |
| Japan | 5.8% | 3.7% | 2.3% | | -2.1% | -1.4% |
| | | | | | | |
| | WINE | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| France | 31.6% | 30.9% | 30.5% | | -0.7% | -0.4% |
| Chile | 20.7% | 21.2% | 20.8% | | 0.5% | -0.4% |
| Italy | 16.7% | 16.6% | 16.6% | | -0.1% | 0.0% |
| United States | 11.7% | 11.5% | 11.8% | | -0.2% | 0.3% |
| Spain | 6.8% | 8.0% | 7.6% | | 1.2% | -0.4% |
| Australia | 5.6% | 4.3% | 4.3% | | -1.4% | 0.1% |
| South Africa | 1.4% | 1.7% | 2.4% | | 0.3% | 0.7% |
| Argentina | 1.8% | 1.9% | 2.0% | | 0.1% | 0.1% |
| Germany | 2.0% | 1.6% | 1.7% | | -0.4% | 0.1% |
| New Zealand | 1.0% | 0.9% | 1.0% | | -0.1% | 0.2% |
| Canada | 0.2% | 0.4% | 0.4% | | 0.1% | 0.0% |
| | | | | | | |
| | LOBSTER | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Canada | 94.2% | 63.0% | 44.5% | | -31.2% | -18.5% |
| United States | 5.6% | 36.9% | 55.3% | | 31.3% | 18.5% |
| Others | 0.3% | 0.1% | 0.1% | | -0.1% | 0.0% |

| | MILK and CREAM | | | | | |
|---------------|--|-------|-------|----------------------|-------|--------|
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| United States | 10.8% | 28.4% | 32.6% | | 17.6% | 4.2% |
| Australia | 33.2% | 29.3% | 24.4% | | -3.9% | -4.9% |
| Germany | 24.9% | 19.2% | 16.0% | | -5.6% | -3.2% |
| France | 14.3% | 8.4% | 14.7% | | -5.9% | 6.3% |
| New Zealand | 5.0% | 9.6% | 6.1% | | 4.6% | -3.5% |
| Netherlands | 3.1% | 1.1% | 3.0% | | -2.0% | 1.9% |
| Belgium | 6.4% | 3.2% | 2.6% | | -3.2% | -0.6% |
| | | | | | | |
| | | | | | | |
| | CHEESE and CURD | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| United States | 39.1% | 46.7% | 60.6% | | 7.7% | 13.8% |
| New Zealand | 28.0% | 25.4% | 10.2% | | -2.7% | -15.2% |
| France | 6.0% | 5.3% | 6.3% | | -0.6% | 1.0% |
| Australia | 9.3% | 6.7% | 5.4% | | -2.6% | -1.2% |
| Germany | 4.4% | 3.6% | 5.1% | | -0.8% | 1.5% |
| Italy | 3.2% | 3.6% | 3.5% | | 0.3% | 0.0% |
| Netherlands | 2.7% | 1.8% | 3.0% | | -0.9% | 1.1% |
| Denmark | 1.9% | 2.9% | 2.2% | | 1.1% | -0.7% |
| | | | | | | |
| | | | | | | |
| | WHEY and OTHER PROD. CONSISTING OF NATURAL MILK CONSTITUENTS | | | | | |
| | MARKET SHARE | | | MARKET SHARE %CHANGE | | |
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| World | 33.7% | 49.4% | 59.8% | | 15.7% | 10.4% |
| Netherlands | 17.7% | 14.7% | 10.1% | | -3.1% | -4.6% |
| United States | 12.5% | 11.6% | 6.8% | | -0.8% | -4.8% |
| Canada | 6.4% | 6.5% | 4.8% | | 0.1% | -1.7% |
| Germany | 6.7% | 4.6% | 4.4% | | -2.1% | -0.2% |
| France | 3.9% | 3.4% | 3.8% | | -0.5% | 0.4% |
| Finland | 0.0% | 0.0% | 0.0% | | 0.0% | 0.0% |

Source: Based on Import Data from Korea Customs and Trade Development Institution